

AMENDED IN SENATE MAY 7, 2008

AMENDED IN SENATE APRIL 8, 2008

AMENDED IN SENATE APRIL 2, 2008

**SENATE BILL**

**No. 1226**

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**Introduced by Senator Alquist**  
**(Coauthors: Senators Oropeza and Torlakson)**

February 14, 2008

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An act to amend Sections 50650.3 and 50650.4, 50560.4, and 53545 of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

SB 1226, as amended, Alquist. CalHome Program: *Housing and Emergency Shelter Trust Fund Act of 2006*: mobilehome parks.

**Existing**

(1) *Existing* law establishes the CalHome Program under the administration of the Department of Housing and Community Development and authorizes funds appropriated for purposes of the program to be used to enable low-income and very low income households to become or remain homeowners.

This bill would authorize program funds to be used for the improvement of infrastructure related to mobilehome parks by local public agencies in joint application with a mobilehome park owner, subject to certain requirements.

(2) *The Housing and Emergency Shelter Trust Fund Act of 2006 authorizes the issuance of bonds in the amount of \$2,850,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds are required to be used to finance various existing housing programs, capital outlay related to infill development,*

*brownfield cleanup that promotes infill development, and housing-related parks. The act establishes the Housing and Emergency Shelter Trust Fund of 2006 in the State Treasury, requires the sum of \$1,500,000,000 to be deposited in the Affordable Housing Account, which the act establishes in the fund, and requires the amount of \$300,000,000 to be transferred from the account to the Self-Help Housing Fund, to be available to the department for expenditure pursuant to the CalHome Program and the California Self-Help Housing Program.*

*This bill would authorize the department to expend funds made available for the CalHome Program under the bond act to cover costs associated with the rehabilitation or repair of property owned by a mobilehome park owner.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 50650.3 of the Health and Safety Code
- 2 is amended to read:
- 3 50650.3. (a) Funds appropriated for purposes of this chapter
- 4 shall be used to enable low- and very low income households to
- 5 become or remain homeowners. Funds shall be provided by the
- 6 department to local public agencies, local public agencies in joint
- 7 application with a mobilehome park owner, or nonprofit
- 8 corporations for any of the following:
- 9 (1) Grants for programs that assist individual households.
- 10 (2) Loans that assist development projects involving multiple
- 11 homeownership units, including single-family subdivisions.
- 12 (3) Loans for infrastructure improvements and repairs in
- 13 mobilehome parks.
- 14 (b) (1) Grant funds may be used for first-time homebuyer
- 15 downpayment assistance, home rehabilitation, homebuyer
- 16 counseling, home acquisition and rehabilitation, or self-help
- 17 mortgage assistance programs, or for technical assistance for
- 18 self-help and shared housing homeownership.
- 19 (2) Loan funds may be used for purchase of real property, site
- 20 development, predevelopment, and construction period expenses
- 21 incurred on homeownership development projects, permanent
- 22 financing for mutual housing or cooperative developments, and

1 the improvement of infrastructure related to mobilehome parks.  
2 Upon completion of construction, the department may convert  
3 project loans into grants for programs of assistance to individual  
4 homeowners. Financial assistance provided to individual  
5 households shall be in the form of deferred payment loans,  
6 repayable upon sale or transfer of the homes, when they cease to  
7 be owner occupied, or upon the loan maturity date. ~~Financial~~

8 (3) *Financial* assistance may be provided in the form of a  
9 secured forgivable loan to an individual household to rehabilitate,  
10 repair, or replace manufactured housing located in a mobilehome  
11 park and not permanently affixed to a foundation. The loan shall  
12 be due and payable in 20 years, with 10 percent of the original  
13 principle to be forgiven annually for each additional year beyond  
14 the 10th year that the home is owned and continuously occupied  
15 by the borrower. Not more than 10 percent of the funds available  
16 for the purposes of this chapter in a fiscal year shall be used for  
17 financial assistance in the form of secured forgivable loans.

18 ~~(3)~~

19 (4) Loan funds may also be used for the improvement of  
20 infrastructure for mobilehome parks if the park owner can  
21 demonstrate both financial need and that 50 percent or more of  
22 the mobilehome owners are lower income. Loans to mobilehome  
23 park owners for infrastructure shall be allocated based on the  
24 proportional percentage of lower income persons residing in the  
25 mobilehome park who are seeking funding. A recorded  
26 affordability restriction shall ensure that the spaces in the  
27 mobilehome park will be available to, and occupied by, lower  
28 income households for not less than 55 years. Any portion of the  
29 loan may be deferred, if necessary to achieve financial feasibility  
30 for the mobilehome park.

31 (c) All loan repayments shall be used for activities allowed  
32 under this section, and shall be governed by a reuse plan approved  
33 by the department. Those reuse plans may provide for loan  
34 servicing by the grant recipient or a third-party local government  
35 agency or nonprofit corporation.

36 SEC. 2. Section 50650.4 of the Health and Safety Code is  
37 amended to read:

38 50650.4. To be eligible to receive a grant or loan, local public  
39 agencies, nonprofit corporations, or local public agencies in joint  
40 application with a mobilehome park owner, shall demonstrate

1 sufficient organizational stability and capacity to carry out the  
2 activity for which they are requesting funds, including, where  
3 applicable, the capacity to manage a portfolio of individual loans  
4 over an extended time period. Capacity may be demonstrated by  
5 substantial successful experience performing similar activities, or  
6 through other means acceptable to the department. In administering  
7 the CalHome Program, the department may permit local agencies  
8 and nonprofit corporations to apply their own underwriting  
9 guidelines when evaluating CalHome rehabilitation loan  
10 applications, following prior review and approval of those  
11 guidelines by the department. The local agency or nonprofit  
12 corporation may not subsequently alter its underwriting guidelines  
13 with respect to the use of CalHome funds without review and  
14 approval by the department. In allocating funds, the department  
15 shall utilize a competitive application process, using weighted  
16 evaluation criteria, including, but not limited to, the extent that the  
17 program or project utilizes volunteer or self-help labor, trains youth  
18 and young adults in construction skills, creates balanced  
19 communities, involves community participation, or whether the  
20 program or project contributes toward community revitalization.  
21 To the extent feasible, the application process shall ensure a  
22 reasonable geographic distribution of funds.

23 *SEC. 3. Section 53545 of the Health and Safety Code is*  
24 *amended to read:*

25 53545. The Housing and Emergency Shelter Trust Fund of  
26 2006 is hereby created in the State Treasury. The Legislature  
27 intends that the proceeds of bonds deposited in the fund shall be  
28 used to fund the housing-related programs described in this chapter  
29 over the course of the next decade. The proceeds of bonds issued  
30 and sold pursuant to this part for the purposes specified in this  
31 chapter shall be allocated in the following manner:

32 (a) (1) One billion five hundred million dollars (\$1,500,000,000)  
33 to be deposited in the Affordable Housing Account, which is  
34 hereby created in the fund. Notwithstanding Section 13340 of the  
35 Government Code, the money in the account shall be continuously  
36 appropriated in accordance with the following schedule:

37 (A) (i) Three hundred forty-five million dollars (\$345,000,000)  
38 shall be transferred to the Housing Rehabilitation Loan Fund to  
39 be expended for the Multifamily Housing Program authorized by  
40 Chapter 6.7 (commencing with Section 50675) of Part 2. The

1 priorities specified in Section 50675.13 shall apply to the  
2 expenditure of funds pursuant to this clause.

3 (ii) Fifty million dollars (\$50,000,000) shall be transferred to  
4 the Housing Rehabilitation Loan Fund to be expended under the  
5 Multifamily Housing Program authorized by Chapter 6.7  
6 (commencing with Section 50675) of Part 2 for housing meeting  
7 the definitions in paragraphs (2) and (3) of subdivision (e) of  
8 Section 11139.3 of the Government Code. The department may  
9 provide higher per-unit loan limits as necessary to achieve  
10 affordable housing costs to the target population. Any funds not  
11 encumbered for the purposes of this clause within 30 months of  
12 availability shall revert for general use in the Multifamily Housing  
13 Program.

14 (B) One hundred ninety-five million dollars (\$195,000,000)  
15 shall be transferred to the Housing Rehabilitation Loan Fund to  
16 be expended for the Multifamily Housing Program authorized by  
17 Chapter 6.7 (commencing with Section 50675) of Part 2, to be  
18 used for supportive housing for individuals and households moving  
19 from emergency shelters or transitional housing or those at risk of  
20 homelessness. The Department of Housing and Community  
21 Development shall provide for higher per-unit loan limits as  
22 reasonably necessary to achieve housing costs affordable to those  
23 individuals and households. For purposes of this subparagraph,  
24 “supportive housing” means housing with no limit on length of  
25 stay, that is occupied by the target population, as defined in  
26 subdivision (d) of Section 53260, and that is linked to onsite or  
27 offsite services that assist the tenant to retain the housing, improve  
28 his or her health status, maximize his or her ability to live, and,  
29 when possible, work in the community. The criteria for selecting  
30 projects shall give priority to:

31 (i) Supportive housing for people with disabilities who would  
32 otherwise be at high risk of homelessness where the applications  
33 represent collaboration with programs that meet the needs of the  
34 person’s disabilities.

35 (ii) Projects that demonstrate funding commitments from local  
36 governments for operating subsidies or services funding, or both,  
37 for five years or longer.

38 (C) One hundred thirty-five million dollars (\$135,000,000) shall  
39 be transferred to the fund created by subdivision (b) of Section

1 50517.5 to be expended for the programs authorized by Chapter  
2 3.2 (commencing with Section 50517.5) of Part 2.

3 (D) Three hundred million dollars (\$300,000,000) shall be  
4 transferred to the Self-Help Housing Fund created by Section  
5 50697.1. These funds shall be available to the Department of  
6 Housing and Community Development, to be expended for the  
7 purposes of enabling households to become or remain homeowners  
8 pursuant to the CalHome Program authorized by Chapter 6  
9 (commencing with Section 50650) of Part 2, except ten million  
10 dollars (\$10,000,000) shall be expended for construction  
11 management under the California Self-Help Housing Program  
12 pursuant to subdivision (b) of Section 50696. *Notwithstanding any*  
13 *other provision of law, the department may expend funds made*  
14 *available for the CalHome Program under this subparagraph to*  
15 *cover costs associated with the rehabilitation or repair of property*  
16 *owned by a mobilehome park owner pursuant to paragraph (4) of*  
17 *subdivision (b) of Section 50650.3.*

18 (E) Two hundred million dollars (\$200,000,000) shall be  
19 transferred to the Self-Help Housing Fund created by Section  
20 50697.1. These funds shall be available to the California Housing  
21 Finance Agency, to be expended for the purposes of the California  
22 Homebuyer's Downpayment Assistance Program authorized by  
23 Chapter 11 (commencing with Section 51500) of Part 3. Up to one  
24 hundred million dollars (\$100,000,000) of these funds may be  
25 expended pursuant to subdivision (b) of Section 51504.

26 (F) One hundred million dollars (\$100,000,000) shall be  
27 transferred to the Affordable Housing Innovation Fund, which is  
28 hereby created in the State Treasury, to be administered by the  
29 Department of Housing and Community Development. Funds shall  
30 be expended for competitive grants or loans to sponsoring entities  
31 that develop, own, lend, or invest in affordable housing and used  
32 to create pilot programs to demonstrate innovative, cost-saving  
33 approaches to creating or preserving affordable housing. Specific  
34 criteria establishing eligibility for and use of the funds shall be  
35 established in statute as approved by a  $\frac{2}{3}$  vote of each house of  
36 the Legislature. Any funds not encumbered for the purposes set  
37 forth in this subparagraph within 30 months of availability shall  
38 revert to the Self-Help Housing Fund created by Section 50697.1  
39 and shall be available for the purposes described in subparagraph  
40 (D).

1 (G) One hundred twenty-five million dollars (\$125,000,000)  
2 shall be transferred to the Building Equity and Growth in  
3 Neighborhoods Fund to be used for the Building Equity and  
4 Growth in Neighborhoods (BEGIN) Program pursuant to Chapter  
5 14.5 (commencing with Section 50860) of Part 1. Any funds not  
6 encumbered for the purposes set forth in this subparagraph within  
7 30 months of availability shall revert for general use in the  
8 CalHome Program.

9 (H) Fifty million dollars (\$50,000,000) shall be transferred to  
10 the Emergency Housing and Assistance Fund to be distributed in  
11 the form of capital development grants under the Emergency  
12 Housing and Assistance Program authorized by Chapter 11.5  
13 (commencing with Section 50800) of Part 2 of Division 31. The  
14 funds shall be administered by the Department of Housing and  
15 Community Development in a manner consistent with the  
16 restrictions and authorizations contained in Provision 3 of Item  
17 2240-105-0001 of the Budget Act of 2000, except that any  
18 appropriations in that item shall not apply. The competitive system  
19 used by the department shall incorporate priorities set by the  
20 designated local boards and their input as to the relative merits of  
21 submitted applications from within the designated local board's  
22 county in relation to those priorities. In addition, the funding  
23 limitations contained in this section shall not apply to the  
24 appropriation in that budget item.

25 (2) The Legislature may, from time to time, amend the  
26 provisions of law related to programs to which funds are, or have  
27 been, allocated pursuant to this subdivision for the purpose of  
28 improving the efficiency and effectiveness of the program, or for  
29 the purpose of furthering the goals of the program.

30 (3) The Bureau of State Audits shall conduct periodic audits to  
31 ensure that bond proceeds are awarded in a timely fashion and in  
32 a manner consistent with the requirements of this subdivision, and  
33 that awardees of bond proceeds are using funds in compliance with  
34 applicable provisions of this subdivision. The first audit shall be  
35 conducted no later than one year from voter approval of this part.

36 (4) In its annual report to the Legislature, the Department of  
37 Housing and Community Development shall report how funds that  
38 were made available pursuant to this subdivision and allocated in  
39 the prior year were expended. The department shall make the report  
40 available to the public on its Internet Web site.

(b) Eight hundred fifty million dollars (\$850,000,000) shall be deposited in the Regional Planning, Housing, and Infill Incentive Account, which is hereby created in the fund. Funds in the account shall be available, upon appropriation by the Legislature, and subject to such other conditions and criteria as the Legislature may provide in statute, for the following purposes:

(1) For infill incentive grants for capital outlay related to infill housing development and other related infill development, including, but not limited to, all of the following:

(A) No more than two hundred million dollars (\$200,000,000) for park creation, development, or rehabilitation to encourage infill development.

(B) Water, sewer, or other public infrastructure costs associated with infill development.

(C) Transportation improvements related to infill development projects.

(D) Traffic mitigation.

(2) For brownfield cleanup that promotes infill housing development and other related infill development consistent with regional and local plans.

(c) Three hundred million dollars (\$300,000,000) to be deposited in the Transit-Oriented Development Account, which is hereby created in the fund, for transfer to the Transit-Oriented Development Implementation Fund, for expenditure, upon appropriation by the Legislature, pursuant to the Transit-Oriented Development Implementation Program authorized by Part 13 (commencing with Section 53560).

(d) Two hundred million dollars (\$200,000,000) shall be deposited in the Housing Urban-Suburban-and-Rural Parks Account, which is hereby created in the fund. Funds in the account shall be available upon appropriation by the Legislature for housing-related parks grants in urban, suburban, and rural areas, subject to the conditions and criteria that the Legislature may provide in statute.